

STATE OF IOWA
DEPARTMENT OF COMMERCE
IOWA UTILITIES BOARD

IN RE:)
) Docket No. HLP-2014-0001
DAKOTA ACCESS, LLC)

**DAKOTA ACCESS' RESPONSE TO BOARD'S ORDER
REGARDING POTENTIAL CORPORATE REORGANIZATION**

Dakota Access, LLC ("Dakota Access") hereby submits its Response to the Board's December 5, 2016 "Order Regarding Potential Corporate Reorganization."

INTRODUCTION

On December 5, 2016, the Board issued its "Order Regarding Potential Corporate Reorganization," stating that "the media has reported that Sunoco Logistics Partners LP intends to buy Energy Transfer Partners LP," and requesting that Dakota Access "make a filing in this docket that explains the transaction correctly and sets out any position Dakota Access may have with respect to any potential effect of the transaction on the permit issued in this docket." Iowa Code Section 479B.14 and 199 Iowa Administrative Code Section 13.19 only require a permit holder to file a statement or notice with the Board in the case of a sale or transfer of the permit. As such, because the permit in this case will continue to be held by Dakota Access, no filing regarding the proposed transaction is required. Notwithstanding that fact, Dakota Access provides a description of the potential transaction involving Sunoco Logistics Partners, L.P. and Energy Transfer Partners, L.P. below, and explains that the potential transaction has no effect on the Letter Agreement and Parent Guarantees filed by Dakota Access in this matter.

DESCRIPTION OF TRANSACTION

Energy Transfer Partners, L.P. ("ETP") presently owns the general partner and certain of the outstanding limited partner interests in Sunoco Logistics Partners, L.P. ("SXL"). Energy

Transfer Equity, L.P. (“ETE”) currently owns the general partner and certain of the outstanding limited partner interests in ETP. By virtue of its ownership of the general partner of ETP, ETE controls the management of ETP. Likewise, by virtue of its ownership of the general partner of SXL, ETP controls the management of SXL. As such, ETP and SXL are under the common control of ETE. Through wholly-owned subsidiaries, ETP owns a 60% interest and SXL owns a 40% interest in Dakota Access Holdings, LLC (“DA Holdings”), which in turn owns a 75% interest in Dakota Access, LLC. A subsidiary of Phillips 66 (“P66”) owns the remaining 25% interest in Dakota Access, LLC.¹

On November 20, 2016, ETP, its general partner, SXL, its general partner, and ETE entered into an Agreement and Plan of Merger intended to streamline the management of ETP and SXL. Pursuant to that Agreement, a wholly owned subsidiary of SXL will merge with and into ETP (the “Merger”), with ETP continuing as the surviving entity and a wholly owned subsidiary of SXL. The Merger Agreement also provides that an indirect wholly owned subsidiary of ETE will merge with and into SXL’s general partner (“SXL GP”), with SXL GP continuing as the surviving entity and a wholly owned subsidiary of ETE. In sum, the net effect of the Merger will be to eliminate some intermediate entities in the organizational chart, and ETP will remain a parent to Dakota Access, LLC. The closing of the Merger is subject to several customary closing conditions.

As the Board is aware, Dakota Access filed in this docket a Letter Agreement by and among the members of Dakota Access, LLC (“Letter Agreement”), and irrevocable and unconditional parent Guarantees (“Guarantees”) from ETP and P66. The Letter Agreement and Guarantees filed with the Board will not be affected by the Merger. As a result of the Merger,

¹ Note that this will change as described in the notice provided on August 4, 2016, at such time as the MarEn transaction closes; as that is not finalized as of this date, the information above is the present ownership structure.

ETP will continue as a wholly-owned subsidiary of the combined ETP-SXL entity, which will be renamed Energy Transfer Partners, L.P., and the combined entity will continue to be under the control of ETE. At the closing of the Merger, the executive officer roles of the combined ETP-SXL entity will be filled by current ETP executive officers. The parties to the Merger Agreement have no plans to amend, rescind or otherwise alter the terms of the Guarantee from ETP or the Letter Agreement. The Merger has the effect of streamlining management of ETP and SXL, and the combined entity will be stronger financially than the stand-alone partnerships would otherwise be. Finally, with respect to the Guarantee of P66, the Merger does not involve P66 and has no effect on that Guarantee.

Respectfully submitted this 15th day of December, 2016.

By: */s/ Bret A. Dublinske*

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 15th day of December, 2016, he had the foregoing document electronically filed with the Iowa Utilities Board using the EFS system which will send notification of such filing (electronically) to the appropriate persons.

/s/ Bret A. Dublinske
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